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In This Issue

Making the Marketing Dollar Work Harder,

By JOHN SULLIVAN.

The Management Index

Abstracts and Descriptive Notes of Company Activities Including

Financial Management

Production Management

Office Management

Marketing Management

Survey of Books for Executives

The Building and Loan Association, ROBERT RIEGEL, PH.D. and
J. RUSSELL DOUBMAN, PH.D.

Personnel, GEORGE R. HULVERSON.

Fresh Air and Ventilation, C.-E. A. WINSLOW.

Workers' Health and Safety: A Statistical Program, ROBERT
MORSE WOODBURY.

Directing Sales, H. C. BONNEY.

and others

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The MANAGEMENT REVIEW

January, 1928

Making the Marketing Dollar Work Harder¹

By JOHN SULLIVAN, *Vice-President and Marketing Counsel,*
The Thompson & Lichtner Co., Inc.

OF course, any speaker on this subject, or, indeed, on any business subject that does not lend itself to platitudes or to aphorisms, can do little more, especially in a brief space of time, than survey the field of marketing effort in much of a general way, and endeavor to present a picture which is a composite of many and various individual company efforts to reduce the cost of marketing.

So that we may really know what we are talking about, suppose we try to arrive at a definition of marketing. I suggest that we define it as that function in business which brings into coordinated operation the company administration, financing, production, selling, advertising, credits, accounting and traffic, in association with distribution factors and elements, and in relation to the market or markets. In this definition every department of a business is regarded as being essentially a marketing department.

And, in order that we may appreciate why we are concerned in making the marketing dollar work harder, let us review the factors and elements in the present economic situation that play a part, some more, some less, in the struggle to maintain a sufficient margin of profits in the face of lessening volume in a declining market.

Firstly, speaking generally, consumption has refused steadily to accommodate capacity. During the war, speaking by and large, we doubled our manufacturing capacity, and we kept right on increasing that capacity until near the middle of 1920. In 1921, consumption was only 57 per cent of manufacturing capacity—in 1923, only 72 per cent; today consumption is probably 25 per cent or more below production capacity.

Inevitably this condition of over-production or potential over-production, in agriculture as well as in industry, in spite of a decrease of the farm population of three millions in the past seven years, has compelled producers,

¹Presented at a meeting of Metropolitan members of the A. M. A.

manufacturers and distributors to extraordinary efforts to broaden markets. In the face of an almost devastating competition—competition not only between individual businesses but also between industries and even between manufacturer, wholesaler and retailer—traditional lines of distributing and selling have been jumped, and former limits overpassed, in an endeavor to increase consumption.

The well-known consumer has done his very best to help; seems, rather willingly, to have opened his mouth to the cramming machine. But, apparently, for the second time in seven years, the consumer's liver, unlike that of the famous Strassburg geese, is revolting from the rich diet, though not so violently as in 1920.

In the determined endeavor to force consumption, sales forces have been increased very greatly. Never before was the salesman so much of a business hero, and, at the same time, frequently so much of a maid-of-all-work. It is true that he has been recognized as having grown up and as being beyond the mental "pep" diet on which he was once surfeited; but he is being trained for his job like a gladiator, practiced in the use of his weapons morning, noon and night, fed the raw beef of facts and statistics, stop-watched, time-studied, micrometerized, if I may coin a word.

In spite of much damning, exhortation and evangelizing, the jobber or wholesaler has, except in a very few industries, failed even to approach the penitent form—failed to appreciate or measure up to the new order of selling and distributing. He faces elimination in some industries; he is cursed in most; he has in others been thrust into outer darkness. Where he still exists, life is a good deal of a burden, with increasing overhead, and with chain stores and retail buying groups thumbing their noses at him.

Some manufacturers have, either through choice or necessity, or because of impatience with the dilatory or indifferent or defiant ways of wholesalers and of retailers, taken on the rôle of the former, or both.

Wholesalers have become manufacturers, and the so-called private brand seems to have recovered from the professional advertising man's knock-out blows of some years back and come up smiling again.

Many retailers have had a dream of "getting into the sun," and have come to having manufactured products identified with their own trade marks. No longer, they have said, according to certain retailing authorities, are they going to be the helots of the nationally-distributing manufacturers.

The number of brands multiplies. There is a great amount of production without any very careful, close study of the probable demand, and producers are distinctly engaged in a competition of advertising. This advertising is not only in itself expensive. The expensiveness is vastly enhanced because the advertising serves in so many cases merely to maintain a hold on a market rather than to increase or broaden it.

The retail group buying organizations are messing up manufacturers'

price policies to quite an extent, thinking and operating, as they frequently do, in terms of price rather than of quality.

As usual, though the manufacturers' associational groups may highly resolve upon uniform and ethical actions and courses,—“each for all and all for each”—“if we don't hang together we'll hang separately”—when the love feast and prayer meeting is over, Each and Company proceeds to think and act solely and only for Each and Company, cuts prices, gives special terms, and hopes all the others will go hang themselves, if not each other.

Chain stores have, of course, made inroads into the businesses of the independent dealers, though the latter are showing, by individual or group action, that the success of the chains has at last gotten under their skins and that they do not intend to take everything lying down.

At the same time, the chain stores themselves are beginning to shoulder one another; and they do seem at least to behave a little better to the manufacturer than the group-buying organizations.

The competition in service, but especially in price, has become fierce, with the shopping housewives gazing daily and intently at the store windows for bargains, or at the shoals of handbills, or in the local papers, and seldom buying the famous nationally-advertised groceries or drug specialties or what not, except at cut prices.

So the old English fair saying, “What we lose on the swings we make up on the cocoanuts” has little application in modern retailing; what the store loses on the coffee it does not make up on the soap, or the sugar, for madam buys the soap or the sugar at other stores at bargain prices.

Accordingly, the mortality among retailers is high; it takes large and increasing expenditures in advertising to keep the famous specialties on the market. And we continue to promote price-maintenance bills in Congress.

Then we have the much-debated, much-praised, much-condemned instalment selling, which has undoubtedly widened markets for a number of manufacturers, though at the expense of manufacturers of staple commodities and to the exasperation or risk of life and limb of the quiet-loving or dreamy citizen.

“Hand-to-mouth” buying cannot escape mention—honorable or otherwise. Good in some ways, for, whatever else may be inflated at the present time, it is not inventories, as in 1920. But there is greatly increased expense for both manufacturer and jobber, particularly **manufacturer**.

The vast increase of transportation facilities has certainly overcome the isolation of rural life and undoubtedly enabled the widening of many manufacturers' markets; while it has become possible for the manufacturer to cut down costs of distribution in several obvious ways, by being able to confine his distribution to 1,300 or 1,400 principal and secondary shopping centers and virtually to ignore a very large number of small-town stores,—it is said, about 15,000.

It would, however, be a marvelous wind that would blow good to everybody: the question is whether the manufacturers of the staples are helped by style news finding its way into the most remotely located homes or by the movies bringing the latest fashions before millions of people outside the large centers of population. Consumer demand is certainly fickle to a breadth and a degree formerly impossible, and the high and general frequency of change in mode and habit and practice may well disturb the leisure hours, and the sleep, of present-day manufacturers, assuming that manufacturers, any more than fathers, are entitled to leisure hours or sleep.

Lastly, to complete this tale of woe—or inspiration—the well-known consumer, before whose shrine we all worship, has been spoiled. Offered an infinite variety of goods, and his demands for service anticipated before becoming vocal, he has called for and received greater variety and enhanced and still more costly service.

And while "style" may be the mark—the proud mark—of a free-born, high-stepping democracy, bent upon showing its paces to the world, the word has become a nightmare word to numbers of manufacturers, distributors, and retailers.

Well, to ask the immemorial American question, "What are we going to do about it?" We cannot sit still and let any old thing happen, as some business men did in 1921, because some business forecaster said there would certainly be very great depression and many failures in a particular class of business. Nor is anything to be gained by praying, like the Hebrew merchant, that we be sent to hell,—because that was where all the business had gone!

As I have said, here is a tale of woe or inspiration, chiefly, I think, inspiration. That is how numbers of commercial companies are regarding it. Knowing they can no longer go to the producing end and expect that Tom or Bill or Harry or Jack will make the goods cheaper, as they did for a long period of years during which distribution costs and distribution personnel were consistently increasing, they are taking steps to cut marketing costs and chiefly by making the marketing dollar work harder and more intelligently.

During fifty years in which production steadily improved and production costs decreased, the engineer tackled one machine and improved it; one process, one method, and improved that, time-studied operations, and, frequently in face of opposition, improved the operators themselves to their pecuniary, mental and physical advantage. The work was not done in a few years, let alone over night.

The total marketing fabric and operation and method cannot be changed and adjusted over night, nor in a year or five or ten or fifteen years.

But there must inevitably come a time when the engineer-minded marketing man will be able to look up from the task and find the accomplishments

many and very good. Right now there is going on in marketing a vast amount of improvement, after the manner of the steady and persistent improvement in production.

As in the case of production, many companies, driven by necessity, always a tough but beneficent tyrant, are taking each part of the marketing fabric, gauging it, not in this case with hardened steel gauges, but with hard-boiled persistency and relentlessness.

Here there are companies reconstituting their sales organizations; not merely ripping out worn, inadequate, incompetent timber from the external sales personnel, eliminating needless operations, lost motion, monkey motions, and replacing automatic mentality with intellect that works according to its inherent character, viz., autonomically; they are also applying similar processes to the internal organization,—dispensing with mere recording or clerical operations as much as possible, and converting internal sales personnel from subjective to objective thinkers and actors; constituting sales development departments, for instance, to the staff of which every move of every salesman, every report of every traveling man, every piece of marketing data, suggests an intensive and extensive act that will work in advance of and with and following the salesmen.

The external or traveling sales force is, as has been said, receiving an almost amazing amount of close attention. The men are being selected far more carefully, and training is infinitely more thorough than it ever was; and not only training, but development.

College and university men are not necessarily paragons of intellectuality; but because of their scholastic training and the civilizing process they perforce undergo, they have at least a mental vehicle able to adjust itself to training in methods and to carrying a heavier load than is possible with the low degree of intellectual equipment which characterizes so many men who have not been subjected to similar mental discipline.

Well-trained men not only make more money, and do not have to wait so long before they begin earning, but they possess a superior morale and need less executive supervision. Carefully worked-out sales campaigns, it has been found, can be put on with greater assurance of success where there is a well-trained sales organization.

So many poorly trained or untrained salesmen take a year or more before they really begin to produce profitably, and a sure way to get men more quickly into that kind of production, and to save expense, is through careful and meticulous training and a persistent and continuing program of development.

As to compensation of salesmen, this is a subject which is now receiving a very great deal of genuine objective study. There is not a plan that I know of which is not designed to work toward the advantage of the salesmen as well as that of the house.

There is a trend at the present time away from straight salaries with expenses, toward forms of payment of salesmen that, while providing a living remuneration, make an increase of that remuneration dependent largely upon the salesmen, predicated upon reduction of selling expense and increase of volume. To put it another way, the trend is toward forms of profit sharing or bonus plans of payment that will induce salesmen to keep expenses down and give the bulk of their efforts to selling the high profit items in the line.

There is also an inclination in some companies to basing salesmen's commission upon selling expense. Sales payrolls are being very much more carefully analyzed, and, by re-arrangement of sales territories, traveling expenses are decreased and the number of accounts each salesman handles increased. Some companies have tried the abolition of drawing accounts and have found that this has led to their getting a better class of men and to bringing about more intenseness and enterprise in selling.

Some seven or eight years ago I had to make a study of the use of automobiles by salesmen. There was at the time not merely a tendency to regard the supplying of salesmen with automobiles as a sort of lever by which the entire world of selling could be moved, but to make quite definite assertions of the indisputable advantage of their employment anywhere and everywhere. We found there were certain conditions and circumstances that rendered the use of automobiles by salesmen both inadvisable and unduly expensive. Now the practice is being carefully examined and checked, and, in some cases of which I know, companies are discontinuing the use of automobiles for salesmen.

We found in that study of seven or eight years ago that the most profitable territorial conditions in which automobiles could be employed was when the salesman could operate, as it were, from the hub of a wheel, returning each night or most nights to his home.

Right now I find salesmen are being located in the center of their territories, saving much expense in operation of the cars and for hotel rooms.

Also, long wasteful jumps in sales territories are being eliminated. Such a proceeding as a salesman—I am instancing an actual case—making a jump of 400 miles into a certain jobbing center, and on arrival being too tired and nervous to attend properly to his business, is seldom or never permitted.

Quite recently an examination of the salesmen's territories for a company distributing throughout the United States revealed the fact clearly that providing the salesmen with automobiles, or paying mileage expense on cars owned by the men themselves, was justified in only one territory out of ten. (The company, by the way, is invoicing only to jobbers, although its men call upon not only jobbers but two other factors in distribution and purchase in each territory.)

Use of cars was found to be justifiable only in two sections of a terri-

tory in which the calls to be made were many, and the distance between calls very short. It was at first proposed that the men use hired cars, but we found that, assuming an average driving distance of fifty miles a day, the hired car would cost exactly twice as much as a company-owned car costing about \$700. In the case of the company-owned car, there entered into the calculation interest on investment, insurance, repairs, as much as 60 per cent depreciation, garage expenses, and gas and oil, but no tire cost for the first year. And there was an asset value of about \$300 on the car at the end of the first year.

It was found, of course, that the hired car was very much less expensive when used in particular localities in a salesman's territory in which heavy samples had to be carried and ground covered speedily. The cost for such hiring would be about \$10 during the day it was used, and this expenditure of \$10 was not likely to be incurred as much as once a month.

A while ago a college sophomore, called on the carpet by the Dean for having reached his limit of "cuts," plaintively and protestingly asked, "Why don't you treat us like men?" (Later on, by the way, caught in a silly prank that damaged dormitory property, the student elected, safely and wisely, to be treated as a boy and not as a man.)

Whether or not all salesmen should be treated *as* men, there is a widespread disposition to treat even the young fellows *like* men and to eliminate the large doses of "pep" they have been expected to relish, swallow and digest. In all cases that have come to my attention during the past two years, not only is the number of bulletins to the sales force being cut down to essentials, but these essentials constitute, in the main, trade information, information concerning the items in the line, and data on selling methods and procedure.

Very particular efforts are being made to decrease the non-productive time of salesmen. Among these efforts have been observed:

Analyzing records of salesmen's calls and obtaining schedules of visits for an ensuing year; eliminating unprofitable calls or routes; concentrating upon profitable customers and territories; meanwhile holding business in non-visited or seldom-visited localities or areas by direct sales development work from the home office.

Having men whose prime duty it is to call upon jobbers do missionary work among retailers or retailing elements or among persons in a position to influence sale and use.

Inducing salesmen, where possible or not inadvisable, to make calls on Saturdays and offering awards for so doing or a bonus on sales effected on Saturdays.

Improving training of the men and so cutting down the time of making a sale.

Preparation for the salesmen's calls: sales development work in advance to inform prospects or customers concerning the merchandise and the house.

In sales planning, a company with which we have had relations during

the year, is taking steps to have the salesmen taught to pause and look ahead; district managers are giving more attention to details of the salesmen's work; they are also being required to work more closely with the salesmen; neither district managers nor salesmen waste so much time on unimportant accounts; and the salesmen waste less time and money in unsystematic and rapid travel just for the sake of being rapid.

It is noteworthy that, in practically everything that is being done to reduce the cost of distribution, the course taken is not that of mere cutting off of a dollar here and a dollar and a half there and fifty cents somewhere else. That was not the way in which efficiency in American production was secured, but rather through scrapping inadequate machinery, ineffective methods and useless and unnecessary operations. To a great extent, economy and efficiency in marketing are following a similar course.

For example,—there is an increasingly closer analysis of markets and of sales, and a more thorough analyzing and definition of products. While general sales meetings are being dispensed with, district meetings of salesmen are being instituted. Unprofitable items in lines of products are being eliminated. There is a very strong trend toward careful and even radical selection of distributors—wholesale and retail. Increasing interest is being taken in the education of distributors and distributors' salesmen.

Better contact with retailers is being maintained and there is renewed attention to the elimination of waste in dealer helps and in sales development literature. Major promotion efforts are being concentrated on carefully selected lists of prospectively profitable accounts. General prospect lists are being divided into smaller lists and to such lists fewer but more effective mailings made.

Each of these, and many others that could be mentioned, may seem small and probably are small in themselves. But, as has been said, it was the improvement of one machine, then another, one process, one method, and then another process, another method, that finally brought about production economy and effectiveness in the mass. I am quite sure that we must and will follow a similar course in bringing about marketing economy and effectiveness; there will be no large and world-shaking revolutions.

There is one very important marketing process in which it is difficult to discern any distinct tendency toward improvement—I mean improvement in economy and effectiveness. Advertising continues to run its definite and somewhat riotous course, in spite of the very earnest sentiment among advertising men that "something ought to be done about it." It seems safe to say that in no other body of business men, in their publications, in their conventions, in their luncheon groups of two or three, wherever and however they gather and foregather, is there so much anxious, earnest, pointed criticism and intimate, frank discussion of the multitudinous details that enter into advertising.

And yet, the size of the unit of space employed is not diminished, though it has been discussed for years; advertising continues to be thrown frequently out of the window, as it were, in the hope that somebody may come by and pick it up; markets continue to be considered in the mass rather than attention given to the individual operation; indefinite and exaggerated copy, with many "wonderfuls," "amazings," and "astoundings," continues to be written and published at vast expense; volume grows and attention value lessens.

If a large volume of advertising in a given case fails to do the job, the volume is likely to be increased instead of the character and the mediums being changed and other marketing factors brought into strict coordination, as though a 100 per cent job could be done by adding in volume to a 50 per cent or 75 per cent content of weakness and paucity of definition, and a considerable degree of indirection.

I am afraid that not until we have a far larger number of men with broad marketing and general business sense and experience shall we see the beginning of real improvement,—men who will refuse to see, be incapable of seeing, advertising as a kind of *institution* in its own right, as a business in itself, as a principle in marketing rather than a process, a subordinate, if important, element or ingredient in a general plan.

The advertising dollar is really working hard—working overtime. So does a squirrel in his cage. But advertising, being only a process, must have applied to it a governing, vital dynamic principle in order that it may be employed with effectiveness and economy.

That principle is obviously a personal one,—the marketing executive with broad, comprehensive, intimate commercial experience and balanced powers, versatile to a degree, who cannot confuse effects and processes with causes, is capable of thinking at one and the same time in the two dimensions of market similarities and of market differences, and who is not only able, but has the power to coordinate and employ correctly and in due proportion, the company administrative and financial policies, production factors, credits, traffic, accounting, mass and individual selling personnel, in association and cooperation with distribution factors and elements, and always in relation to the market.

Nothing has been said here, because of lack of time, as to those functions of a business without the proper and logical operation of which all the best laid schemes of men engaged in marketing may "gang aft agley"—administrative mismanagement and mismanaged and incoordinated production may seriously damage or even render entirely futile marketing plans correct in principle, accurate and meticulous in detail, and logical and thorough in operation. Very frequently indeed have marketing plans been so damaged or rendered futile.

But a change has become apparent during the past six or seven years, and more particularly during the last three years. Executives of company

management, of company finance and of company production are really becoming objectively minded, are really coming to appreciate that the factory exists essentially not only to produce but to market what is produced; that it is the market which determines not only volume but character of production.

May I in concluding suggest that actually what we need to study and become expert in, if we are to solve problems of marketing not only in the individual but in the national interest, is *methods*. There is a fairly common disposition, or, at least, temptation, for company executives to attempt to adopt and to apply marketing, sales or advertising plans that have been successfully employed by another company, regardless of differences and of the underlying facts. The result is usually failure and much expense. This kind of thing will go on so long as *methods* of determining correct plans are not studied—the way, or mode, or course of determining and measuring—*how to proceed*, for the purpose of elucidation or discovery.

To illustrate and emphasize this, I do not believe I can do better than quote from an article of Mr. Donald's in the Harvard Business Review of January last. Mr. Donald is suggesting possible topics in management research method. He mentions only one strictly marketing subject: but I read this list for the purpose of illustration of what is meant by *method* as against merely proceeding upon cases:

1. The method of determining what incentive plan would best suit a particular class of employees; *not* the art of installing an incentive plan.
2. The method of measuring the results of the installation of an incentive plan; *not* experience with or the results from installing it.
3. The formula involved in determining what the financial liabilities under a pension will be; *not* the actual financial liabilities under a pension plan or the experience of various companies.
4. The method of determining the best method of posting; *not* the best way to post reports.
5. The method of determining and testing a test for selecting employees; *not* experience with tests for employees.
6. The formula for going about a classification and rating of executives; *not* experience with a plan for classifying and rating executives.
7. The technique of determining where to locate a plant; *not* conclusions as to where to locate a plant.
8. The technique of making a job analysis and of standardizing salaries and wages; *not* a classification of standard jobs and a salary or wage standardization plan.
9. The formulas for significant ratios; *not* actual operating or balance-sheet ratios.
10. The method of determining economical quantities; *not* the economical quantities for production.
11. The method of determining the instructional material needed; *not* the proper instructional material for a company's salesmen.
12. The technique of market analysis; *not* conclusions regarding markets for a commodity.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Why Not a British Management Association?

"Has not the time come for the establishment of a British Management Association?" asks Mr. B. Seeborn Rowntree, in the *Contemporary Review*. "I sometimes wonder whether employers realize that England is the only important industrial country which has no national organization for the study of improved methods of industrial management. There is, of course, an American Management Association. In France, Germany, Italy, Czecho-Slovakia, Belgium, Poland, Rumania, Jugo-Slavia, Austria, Spain, and Russia, there are national bodies for this purpose, often co-ordinating many specialized institutions, and in some cases receiving large financial support from the government. It seems curious that in a country like England, which is so anxious to retain or to re-capture her position as the 'Workshop of the World,' it has never been thought necessary to establish such an organization. Of course, we have trade organizations of one kind and another, such as the Federation of British Industries and the National Confederation of Employers' Organizations. But their objective is different. The object of a Management Association is to study the art of management and the underlying sciences on which that art is based, to consider the different means of lowering production costs and of increasing efficiency; and to find out how to establish the right relations between capital and labor. There has recently been

established in Geneva an International Management Association whose object is to form a link between the different national associations, so that knowledge developed in one country may be rapidly transmitted to the others. Unfortunately, there is no body in this country which can be affiliated to the International Organization." Extract from *Public Opinion*, London, November 11, 1927, 1 page.

Three Ways to Meet Competition

Small individual firms would do well to establish central estimating departments, cooperative buying and cooperative national advertising. *Babson's Reports, Management Supplement*, November 1, 1927, 1 page.

Making Research Profitable

The manager of the Research Department of the Westinghouse Electric and Manufacturing Company describes the operation of their research laboratory. By S. M. Kintner. *Manufacturing Industries*, December, 1927, p. 415:4.

Profits from Changed Methods

The president of the Geometric Tool Company describes the revitalizing of that business, based on the simple formula that profits equal sales volume less expenses. A reduction in stockable sizes improved turnover and inventory. New machines made possible closer tolerances, 15 per cent less men, and a reduction of floor space which permitted progressive manufacturing throughout. Suggested improvements came

from almost everyone, including some very desirable patentable devices. An adequate piece work plan increased the output per man. New sales and service men were involved in a powerful campaign to increase sales. An employee stock ownership plan has had a fine effect upon the organization. By James W. Hook. *The Iron Age*, November 24, 1927, p.1438:3.

Management More Important Than Tariffs

Accounting and budgeting technique have made rapid strides and today there is an entire new science of methodology which concerns itself with the most efficient use and handling of *things* in our complex machinery of production and distribution. But comparatively little has been done of a fundamental nature in the field of human relations in industry—the relationship of the individual to these new developments in machinery and methods.

Two competitors can buy equally efficient labor-saving machinery. Each can install the most advanced industrial methods. But the concern which knows how to *manage* this machinery and these methods best

will be the one to win out. In other words, we should stop thinking that labor-saving machinery and improved methods represent all there is to the success which is meeting American industry today.

A client who is the head of one of the largest manufacturing concerns in the country has just returned from a study of industrial conditions in various countries of Europe. He says that if America is to keep ahead of Europe in the next decade it will be because of superior management and nothing else. In his opinion it is only a question of time before Europe scraps its antiquated industrial methods, and replaces out-moded machinery with the latest and best. But we shall continue to keep ahead of Europe because we are beginning seriously to study the technique of managing men, the scientific use of the human factor in industry. At present European countries are more concerned with tariffs than with production efficiency. Europe so far has shown but little interest in the human aspects of the industrial problem. *Babson's Reports, Business Supplement*, October 13, 1927, 2 pages.

FINANCIAL MANAGEMENT

Budgetary Control and Standard Costs in the Newsprint Paper Industry

Business budgetary control means the maintenance of the proportion between revenue and expenditure so that the most profit can be made in the period commensurate with the revenue received. An intermediate link is required between the budget and actual results so that these may be properly measured to find out if they are good, bad or normal. This link is found in a standard expressed in dollars and cents covering the actual sales and production costs. A standard of this kind shows what the actual production should cost when based directly on the budget, taking into account the budget proportions. The difference between the total amount

of this standard cost and the total budget cost is caused wholly by the variation in production.

With the standards properly set, more benefit is to be gained in centering the data upon variances by causes than by showing only unit costs. The exhibition of variances both in dollars and percentages is one of the best methods of maintaining better budgetary control since it shows how the original proportions are either maintained or changed for the better or worse.

A statement of variances has the effect of calling attention to anything out of line, much more definitely and often more quickly than do unit cost statements by themselves. The necessary action to cor-

rect the cause may thus be taken sooner than otherwise and money saved accordingly. The publication also contains illustrations from practice in the newsprint industry. By G. Andrew Ware. N. A. C. A. Bulletin, Section I, Nov. 15, 1927, 267:11.

Labor Bank for Chicago

Officials of the Chicago Building Trades Council will launch a \$1,000,000 banking institution early in 1928. The purpose of the labor bank will be to co-operate with the Trades Council's Realty Mortgage Company. Patrick F. Sullivan, head of the Trades Council, made this announcement:

"We are negotiating for the services of a Vice-President of one of the large loop banks to take charge," Sullivan said. "In

February of 1926 officialdom of the building trades launched the Illinois Federation Corporation. Its organization was to encourage Chicago wage-earners to build homes." N. Y. World, Nov. 28, 1927.

Budgetary Control

Budgetary Control supplies to everyone in any kind of a business institution a species of game. The setting of quotas of performance and budgets of expense brings out a cool and calculating thought of the future and what it should yield. The daily watching of the current transactions becomes as fully absorbing as watching the electric score board of a World's Series game. A par has been set and must be beaten. By J. P. Jordan. *Mechanical Engineering*, December, 1927, p. 1298:2.

OFFICE MANAGEMENT

Space: Location, Equipment, Arrangement

The Hammermill Survey of Business Practice

Misdirection and waste of managerial time are continually cutting into the profits of nearly all business organizations. The chief causes seem to be lack of information required as a basis for executive decisions; excessive interruptions; unnecessary personal handling of routine operations. The methods of safeguarding managerial time which have proved most effective and economical are: a. A thorough system of reports, with frequent periodic summaries, providing a complete picture of the department or business, and making continually available all essential facts. b. An inter-communication system between all departments and executives based upon the policy of putting into writing all messages, reports, and instructions, thus reducing interruptions to a minimum. c. A system of instruction manuals and forms which constantly exercise an impersonal control over all operations of a routine character.

When these methods are fully developed

they constitute a complete system of reports, records, communications, and instructions governing all operations, which is in effect a distinct "silent" organization of the business. *A Survey Report No. 1, to Business Executives Based Upon Studies by the Research Staff of the Business Training Corporation.* 15 p.

Part Time of the College Boys

The Security National Bank of Oklahoma City grew so rapidly that a condition of congestion developed in the bookkeeping department. Instead of installing new labor saving equipment and additional regular help, the bank decided to develop part time bookkeepers from the nearby university students at Oklahoma. These students reported for work daily at about 4:30 and stayed until 9 p.m., or until they were through. Their work was checked up every morning by the regular bookkeeping force. The bank had no difficulty in finding qualified students, and employed a man as freshman and kept him straight on through his college course. The stud-

ents have proved themselves good and sensible workers. The bank states that in their experience this plan worked out better than the earlier plan of employing business college students, who were on the lookout for permanent jobs and caused the bank considerable labor turnover. By John T. Bartlett. *Burroughs Clearing House*. December, 1927, p. 57:2.

Centralized Stenographic Departments More Efficient

There is a definite trend in larger business offices toward a centralized stenographic department in preference to the private secretary arrangement which has been in operation for many years. While particular circumstances may make the centralized methods not the most practical in some offices, yet we suggest that clients whose stenographic and typing force number more than ten or twelve would do well

to examine the efficiency of their present system.

This trend is in line with the general movement of improved industrial processes and clients will do well to examine the possibilities of applying it to their own offices. *Babson's Reports, Management Supplement*, Nov. 1, 1927, 1 page.

Centralization of Office Work

A description of advantages gained by the Canadian National Railways through centralizing the employment, stenographic, duplicating, adding machine, filing, messenger and methods departments.

No really effective results can be obtained unless the clerical problem is viewed as a whole. The methods department will function best when the results of its analyses may be available generally throughout the organization. By W. H. Ley, *American Stationer and Office Manager*, November, 1927, p. 7:4.

Administration: Regulations, Supplies, Communications

The Cost of Letters

Given a \$45 a week correspondent, who dictates ten letters per hour, and a \$20 a week stenographer, who averages 30 letters a day, the cost of each letter, including postage, is 36 cents. For a process letter this cost averages between five and ten cents per letter, depending upon the process used and the quality of the work. The difference in cost between a routine circular letter and a personalized letter is about one cent. It pays to use as good a letter as the business proposition can stand. The test whether the extra returns from personalizing a letter will pay the extra cost consists in mailing 1,000 of each kind and checking results. *Postage & the Mailbag*, October, 1927. p. 886:1.

An Outline for an Employee's Manual

Among a number of manuals examined it was found that the following subjects were covered in the contents: 1. Foreword or introduction. 2. Directory of officers. 3. History of company and description of its work. 4. Geography. 5.

Explanation of products. 6. Instructions. 7. Special service for employees. 8. Suggestion systems. 9. Health advice. 10. Fire protection. 11. Pictures. 12. Memoranda.

There are two companies mentioned, Montgomery Ward and National Cash Register Company, which issue special manuals of information for executives. This information supplements that in the regular employee manual. By C. B. Larabee. *Printers' Ink*, Dec. 8, 1927, p. 128:5.

Scientific Management in Office Administration

A periodic departmental operating audit is essential and offers these advantages:

1. Existing irregularities which have not heretofore been serious enough to "come to the surface" are uncovered and corrected as a result of such an examination.
2. Department heads have the opportunity to benefit by an "outside" viewpoint

applied to the detail operations of their respective departments.

3. Such examinations invariably uncover possibilities of introducing economies in operation—particularly, where routines embodying interdepartmental contacts are concerned.

4. The material accumulated is invaluable

in job analysis work and clerical training activities.

5. The data accumulated is of great value to a staff department interested in the Personnel and Planning activities for reference purposes and for comparisons. By Frank L. Rowland. *N. A. O. M. Bulletin*, November, 1927, p. 10:4.

Records: *Forms, Charts, Cards, Files, Statistics*

Protection of Records

This document covers such items as: value of records, classification of records, record losses, severity, duration and control of exposure, protection of records by duplication, document buildings, vaults, vault enclosures and supports, ground supported vaults, structure supported vaults, vault doors, vault interior equipment, record rooms, record safes, sub-standard and "commercial" record containers, destruction of records no longer useful, code for preservation of records. Consolidated Reports of the Committee on Protection of Records. *National Fire Protection Association*, 1927, 48 pages.

The File Marked "Congress"

Many business executives have not taken Congress seriously enough; they have not sensed the intimacy of the contact between the law mill at Washington and the individual factory many miles away. There

is no prescribed form for the file marked "Congress," but it is desirable that it be given a broad compass, even though some slants will be later disregarded as non-applicable. The one best fount of inspiration and check list is the Congressional Record, which may be obtained at the Government Printing Office at Washington. As a manual to be used in conjunction with the Record, there is the Congressional Directory. The file custodian may keep his principals informed of what is before any committee by obtaining from the clerk to that committee a copy of the Calendar or docket listing the bills and resolutions before the Committee. Copies of Bills introduced in Congress, designated by number, may be obtained from the Document Rooms of the Senate and House of Representatives, also copies of the Reports which accompany the bills that are "reported out" by committees. By Waldon Fawcett. *The Office Economist*, November, 1927, p. 7:4.

Space: *Location, Equipment, Arrangement*

Question of Moving Offices to Uptown Site

The Texas Corporation has put directly to its employees a proposal as to whether they would leave the Wall Street district for an uptown location. A letter asking an expression of opinion has been sent to each of its nearly 1,000 employees, and their votes will determine whether the move will be made or not. Recently there has been considerable agitation for movement uptown by many corporations, mainly because of traffic congestion in lower Man-

hattan and the overcrowding of the subways during the travel period. *The New York Times*, Nov. 19, 1927.

Noise, an Office Nuisance

Among the various suggestions for the elimination of an undue amount of noise are noiseless typewriters, silencers for telephones, deep-pile rugs especially under typewriter desks, and a special sound-proof room where tabulating and other noisy machines are operated. The irritating

noise of a loud telephone conversation may be eliminated by providing a long distance booth or a conference room. When new office buildings are contemplated, wise elimination is an especially important factor to consider. By E. C. Martin. *Credit Monthly*, December, 1927, p. 9:3.

The Choice of an Acoustical Material

Graphs drawn from tests at the Jefferson Physical Laboratory, Harvard Uni-

versity, show that felt finished with a covering of perforated oil cloth is an ideal material for office quieting work. The chief advantage of an acoustical plaster is its comparatively cheap cost and ease of application. The same is true of perforated fibre board. On both acoustical plaster and fibre board paint seems to reduce the absorption of sound. By Lonsdale Green, Jr., *N. A. O. M. Bulletin*, November, 1927, p. 4:4.

PRODUCTION MANAGEMENT

General: Promotion, Organization, Policy, Development

Production Without Knowledge of Costs Is Passing

It was asserted by Alvin E. Dodd in a recent address that worshippers at the shrine of bigness in business are beginning to doubt. The struggle for great volume has been carried on with too little regard to the cost of getting the business. The over-extension of trade territory and sales effort, the multiplication of varieties and the attempts to meet the requirements of too wide a range of customers are factors which have resulted in many cases in the number of red ink items on the unfavorable side of the business ledger. Oftentimes the smaller business will pay the larger profits. *Brick and Clay Record*, Dec. 6, 1927, p. 862:1.

Will Aviation Be the Next Giant Industry?

Commercial aviation is an established fact today. It is growing faster than any other industry ever grew before. Over forty American manufacturing concerns produce airplanes. It may be safely assumed that every one of these companies is behind in its orders. Latest statistics for 1927 indicate that there are 585 air service operators using 1,342 planes and 18 contract mail routes using 194 planes and carrying 112 tons of mail last year. Regularly established routes are at present flying 27 thousand miles every 24 hours. Aviation is such

a safe means of transportation that the established insurance rate for a passenger-carrying line is \$1,025 per year, regardless of the number of passengers carried. Ninety-four per cent of the accidents investigated by the U. S. Bureau of Commerce occurred in 1926 among unlicensed pilots or planes. Depending upon the number of miles flown, the cost per mile in commercial service is about 25 to 38 cents; in private service it is about 20 to 28 cents. By Edward A. Stinson. *Management*, November, 1927, p. 29:7.

Control of Factory Overhead

The control of factory overhead is almost synonymous with good management. The so-called uncontrollable items of overhead, as well as the controllable items, are amenable to downward adjustment from many different angles.

Tactful discipline of executives, the education of supervisors in cost of materials and service of their own departments, and study or research to determine better and cheaper materials and methods, are essential to expense control.

Expectancy of promotion, personal recognition and appreciation by the higher executives, assignment of added responsibilities, and payment of bonuses to executives, often greatly influence the esprit de corps of an organization.

Uniformity in output is a factor of greatest importance in the standardization of

costs, and for this reason a rate of production not in accordance with current demand for the finished product is often advisable so that costs may be maintained at their proper levels.

A properly designed and vigorously administered budget-control scheme is a very powerful means of overhead control, and should cover such points as the attainability of quotas set, a voice in setting quotas by department heads, the provision of cost data for guidance of department heads, the establishment of well-defined standards of operation for various departments to act as checks on estimates and means of forecasting future performance, and the careful comparison of results with quotas to determine possible future economies. By H. G. Perkins. *Annual Meeting, A. S. M. E.*, December, 1927, 4 pages.

Cutting Costs 20% and Making 100% On-Time Shipments

The president of the Imperial Electric Company describes how a plant of 135 employees gets results from a most flexible system of production control which also reduces inventory 25%. By John Hearty. *Manufacturing Industries*, December, 1927, p. 451:5.

Overproduction—Fact or Fallacy?

When business is universally dull, it is the habit of business men to assume that industry is overproducing and that the capacity of the market to absorb is the ultimate measure of the capacity of society

to consume them. But economists say that there can be no such thing as overproduction of any commodity as long as any considerable part of the population wants but is unable to buy it. Only the richest classes of families have incomes which enable them to consume at the rate every family should if industry is to be kept normally busy, but as they do not have the physical capacity to consume enough to make up for the underconsumption of the other classes most of their incomes are saved and reinvested.

The real problem is to devise a means of expanding the market. As an example of accurate market determination, and low-cost production there is a silk mill that has accurately determined the yardage that can be bought at \$5 per yard, at \$3.50 per yard, and at \$2 per yard. The patterns and finishes in each price grade are the same; the durability is not. It rests upon the ability of mill executives and department heads to find ways and means of manufacturing patterns equal to the best at a price somewhat lower. *The Hunter Counselor*, December, 1927, p. 1:3.

Double Output, Triple Earnings, \$100,000 Less Inventory

The Vice-President of the Washburn Company tells results of production control methods in their wire goods division, when manufacturing to order. A preceding article described the operation of the system for manufacturing to stock. By William L. Walker. *Manufacturing Industries*, December, 1927, p. 457:4.

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

Co-Operation in Russia

Before certain stores in the streets of Russia one will see a little queue of shoppers, sometimes coiling down the sidewalk for a hundred feet. The sign over the store invariably bears the words, "Co-operative." There are now about 29,000 co-operative societies in the Soviet Union, with a membership of more than 14,000,000. Nearly half of the members are city work-

ers, practically all of whom are trade unionists. The other half are peasants carrying on in village stores and purchasing groups. The inducements for joining a co-operative society seem to be that members have the first claim upon those goods of which there is a shortage. They have the sole right to receive credit from stores. A sense of social solidarity is gained; a feeling that one is helping to control the

whole process of distribution. Interest is usually paid upon share capital and sometimes dividends upon purchases.

A striking fact is that there is more purchasing power in Russia today than there are goods to satisfy it, which completely reverses conditions in America. *The Co-operative Crier*, Nov. 30, 1927, 3 p.

5-Day Week Gains

The gradual reduction through a period of years in the hours of labor has not been followed by an increase in the cost of manufactured articles, but on the contrary, by a reduction in cost. The five-day working week is no longer an academic question. It has been and is being introduced to such an extent that it has proved its success. An industrial expert has estimated the number of those working a five-day week in 1926 as 100,000 and the number has still further increased during 1927. From an economic standpoint machinery and power are doing much to hasten its acceptance. The problem now is to create markets, to give men and women a chance to use products, and leisure to enjoy the things of life. *The New York Times*, Nov. 21, 1927.

German Co-Operative Movement

Since 1912 the number of co-operative societies in Germany has approximately increased by twenty thousand. The Free Committee of German Co-operative Unions represents the following four great co-operative unions: The Schulze-Delitzsch Co-operative Union, which includes 3,500 co-operative societies, 1,330 credit unions, 1,800 merchandise co-operatives and 200 building co-operatives; the Raiffeisen General Union of Co-operatives, including 8,700 co-operatives; the Reich Union of Agricultural Co-operatives, including over 26,000 co-operatives among which are 13,000 credit societies; the Central Union of German Consumption Co-operatives, comprising 1,150 consumers co-operatives and 58 purchasing societies. Among building co-operatives the most important unions

are the General Union of Building Co-operatives and the Co-operative Union of the Reich League, both located in Berlin. The former includes about 2,000 and the latter about 1,050 co-operatives. Two prominent co-operatives, each representing around 400 societies, are the Reich League of German Consumers' Unions and the Edeka Union of German Merchants' Co-operatives. The Independent Co-operatives comprise nine farmers' co-operative unions, two unions of workmen's societies and 18 various other co-operatives. *European Economic & Political Survey*, Oct. 15, 1927, p. 84:1.

Changing Piece-Work to Bonus Reduced Labor Cost and Increased Earnings

In a packing department of Wilson & Company a task and bonus plan displaced piece work and eliminated day work, cut unit labor cost 10% and increased piece work earnings 5%. In a cooperage shop new equipment permitted new occupational rates, bonus replaced piece work with a 48% reduction in labor cost, which will pay for machinery in a year. By Walter C. Hasselhorn. *Manufacturing Industries*, December, 1927, p. 435:4.

Industry's Biggest Problem

This problem is how to meet the necessity of continuing to place in the hands of the American public the vast volumes of purchasing power which have been the sources of the present era of prosperity. It is becoming clearer that the possibility of further price reductions out of production economies has about run its course, in fact, there has developed a distinct upturn in the general price level. Secondly, it does not now seem probable that general wage levels can be advanced further to any considerable degree, as present high wage levels have been made possible by increased economies in production. For some time wages have been stabilized to a remarkable degree. In the third place, the correlative fact should be noted that this also foreshadows a reduction in pur-

chasing power distributed to the public through dividends. Fourthly, as to the weight of industrial plant construction and other capital expenditures in increasing public purchasing power, figures show a distinct declining turn in recent months. Finally, as to installment selling, it seems generally agreed upon that any material further expansion would be hazardous, and that it implies a shrinkage of purchasing power for tomorrow. By John Oakwood. *Barron's*, Dec. 5, 1927, p. 10:2.

One Way to Stabilize the Bituminous Industry of the United States

Mr. Jones makes definite proposals for the reorganization of the coal industry including the formation of three fairly large holding companies. The adoption of a cost system, a price differential system, concentration of production in mines of larger capacity but limited to economic capacity, underground traffic control, schedules of production based upon probable car

supply, educational campaign to acquaint the consumer, an employment system under separate management organization not subject to immediate control of local mine operating officials, a housing corporation for each district entirely separate from control by local mine managers, a separate hospital and health service organization, a chain store organization which operates with no control by local managers, a chain of banks, a savings, pension and life insurance system developed through the local coal banks, separately incorporated and managed amusement and recreation system, fundamental research of the coal industry, composition, treatment, etc.

Programs are also set forth for investors and bankers, coal consumers, federal and state governments. The paper exhibits no confidence in the present mine union leadership which is based on the idea of conflict. By Mark M. Jones, March 10, 1927, 18 pages.

Benefit Systems and Incentives: *Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

New Data on Vacations With Pay

Recent inquiries we have made among firms granting paid vacations to their employees brought the opinion that, properly restricted, this plan decreases labor turnover and increases good-will. Now that the vacation period is over clients who are not doing so might make a study of the paid vacation plan in anticipation of another year. To gain its full value such a plan should be announced a year in advance of its operation. We are willing to discuss this problem with clients who care to go into the matter further. *Babson's Reports, Business Supplement*, October 13, 1927, 1 page.

Bureau of New Ideas

To encourage new ideas and suggestions from employees for improving the service, increasing the efficiency of operation and advancing the interests of the company and its working forces, the Pennsylvania Railroad has recently established a Bureau of

New Ideas. This will provide a practical method whereby employees may co-operate with the management, and be enabled to express their views. *The Pennsylvania News*, November 1, 1927.

Paying \$704,000 in Profit Sharing

Under a plan of profit sharing with employees, begun four years ago, payments amounting to \$704,000 will be made today for 1,700 workers of the New York Title and Mortgage Company and its affiliated institutions, American Trust Company and the National Mortgage Corporation. Each employee will receive half of his share, the rest of it being paid to his account in an investment fund used to buy stock of the New York Title and Mortgage Company in the open market.

Through this investment fund the workers already own 2,760 shares of stock valued at \$1,500,000 on the basis of present market quotations. This represents an increase of \$260,000 in the stock's market

value during the last year. When an employee reaches sixty his share in the principal of this fund is paid to him outright, even though he may no longer be associated with the company, according to an announcement made by Harry A. Kahler, President of the companies, at the annual dinner of the employees' welfare association. *N. Y. World*, Dec. 15, 1927.

A Poster Contest that Revealed Hidden Talent

The Bemis Bro. Bag Company used many posters in their safety work, usually obtained from the National Safety Council or from insurance companies. The need of additional posters with a local touch had long been felt. For a time photographs illustrating actual plant accidents were used, but this plan was dropped because of unsatisfactory results. The company then initiated a safety poster contest, announced by a circular letter sent to each factory branch. Five nominal cash prizes were offered for the five best posters. Two months were allowed for submitting entries. Every employee was invited to compete. The judges were officials of the National Safety Council. 74 posters were submitted by nearly every class of employee from factory worker to superintendent and salesman. The first prize was won by an employee at the St. Louis branch. Ten of the posters entered in the contest were later published in the regular series of the National Safety Council. The greatest benefit from the contest was, however, the renewed interest in accident prevention and safety work. By A. B. Merriam. *National Safety News*, October, 1927. p. 75:1.

Loan Fund For Students

A loan fund of \$25,000 for the benefit of students of Union College, the gift of Gerald Swope, President of the General Electric Company, has been announced. The gift stipulated that loans are to be awarded to employees or sons of employees of the General Electric and International General Electric Companies in this country

and to other students of the college who have attended not less than one year. The loans are to be awarded first to company employees.

Mr. Swope stipulated that awards should be made from the standpoint of character, contact and oral examination as well as from that of academic attainments and financial needs.

The directors of the company, Mr. Swope announced, also have set aside \$25,000 to be used as a loan fund for employees and sons of employees, but have placed no restrictions on the choice of colleges. *The New York Times*, Dec. 3, 1927.

Old Age Pensions Operative in B. C. Immediately

The Canadian Minister of Labor announces that British Columbia is the first province to come under the old age pension legislation passed at the last Session of Parliament. On and after September 1, 1927, the province will pay the maximum pension of \$240 per year to its residents, 70 years of age and over, who have been Canadian subjects for 20 years preceding and provincial residents for five years. Indian subjects, within the meaning of the Indian Act, are ineligible. The maximum amount of pension is reduced in the case of a pensioner whose annual income exceeds \$125. The Dominion Government is obligated to refund to British Columbia, quarterly, half of the amount disbursed in pensions during the preceding three months. *Canadian Congress Journal*, October, 1927, p. 25:2.

Loan Plan for Employees

Inauguration of a "relief and loan plan" for employees who are idle, working part time or in need of help on account of illness in the family has been announced by the General Electric Company at Schenectady. The plan enables needy employees to borrow up to \$200 without interest and to repay it by deduction of installments of 10 per cent of their weekly pay when they return to full time.

Any employee who has had one year's

service is eligible for membership in the plan. Fifty cents a month is deducted from members' pay, 5 cents going into the relief fund and 45 cents to the unemployment loan fund. Members who leave the

employ of the company after one year's membership will receive the amounts deducted from their wages, less the amounts contributed to the relief fund. *The New York Times*, Dec. 8, 1927.

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores, Safety

Is the Safety First Campaign Succeeding?

An analysis of accidents reported to the Ontario Workmen's Compensation Board shows a striking divergence in trends according to the classification of accidents. The percentage of accidents due to machinery has been steadily falling, while that of accidents due to the personal factor has as constantly increased. The conclusion is advanced by the author that possibly the mechanical perfection of modern machinery has outdistanced the human factor, and that the strain of large scale production progressively deteriorates the physical fibre of the worker. By H. Michell. *Industrial Canada*, October, 1927, p. 45:3.

Can Accident Prevention Be Reduced to a Science?

The conclusion that accident prevention can be reduced to a science is based on an analysis of the causes of accidents, which shows that not more than ten per cent are due to misadventure and therefore unpredictable, and an analysis of the human factor to which eighty-five per cent of all accidents are attributable. He stresses the need of complete accident records and of educating supervisory responsibility in safety. By Thomas H. Carrow. *Annual Meeting, A. S. M. E.*, December, 1927, 2 pages.

Dental Service in Industry

A number of English firms testify to the value of Works Dental Clinics, and discuss the main types of schemes and their application to different kinds of employees. Other points brought out in discussion are organizing and recording the work of such

clinics; instructing the employee in availing himself of the facilities offered; the physical outlay and the staff of dental clinics; the financial arrangements between firm and dentist as well as between firm and worker. Forms, records and charts are appended and described. *The Industrial Welfare Society*, 1927. 50 p.

Ideals for Medical Service in Industry

The program for an ideal medical service in industry should be based on the following principles. 1. A sanitary working place with respect to hygienic working conditions and prevention of occupational hazards. 2. Physical examination of the worker at the beginning of employment in order to properly adjust him to the job and protect his fellow worker. 3. Intensive psychological work in placement to prevent high labor turnover due to maladjustment between ability and requirement. 4. Periodic re-examination of workers for a possible physical readjustment to the job. 5. Adequate and properly summarized medical department records. 6. Health education in sickness prevention through teaching the "keep well" idea. 7. Provision of a special diagnosis and consultation clinic. 8. Personnel and equipment for several kinds of special service, particularly dental and optical, to improve the earning power of the worker. 9. Provision of nurses and medical social workers to handle the human adjustments. By James A. Britton. *Human Relations in Industry*, 1927, p. 24:5.

Rest Pauses in Heavy and Moderately Heavy Industrial Work

In the moderately heavy work of farming, docking, and road making, day laborers take usually rest pauses aggregat-

ing eleven minutes per hour. Piece-rate workers employed in similarly heavy work probably take shorter rest pauses. Workers loading pitch rest from 22 to 26 minutes per hour; those rolling tinplates from 14 to 28 minutes per hour. Coal miners rest from 7 to 22 minutes per hour, according to the varied nature of their work and the atmospheric conditions under which it is performed. Most of these rest pauses

are spontaneously taken by the men, and it is calculated that they are five times as valuable in relieving fatigue as are involuntary rests. Due to the nature of coal mining it would be quite impracticable to devise an artificial scheme of rest pauses for colliers. By H. M. Vernon, T. Bedford, and C. G. Warner. *Medical Research Council, Industrial Fatigue Research Board, Report No. 41, 1927.* 24 p.

Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

Strike of Government Employees Unconstitutional in Switzerland

In the summer of 1927 Switzerland passed a law which absolutely deprives Swiss public employees of the right to strike. The law rests on the basic principles stated as follows: In a democracy the administration of government is synonymous with the duty to advance the federal weal. Government administration is therefore a public service; a strike of its officials is a strike against the Commonwealth, which denounces the right to strike as unconstitutional.

For two and a half years hot debates raged in the National and State Councils of Switzerland, among political and public factions and in the press. The law was finally unanimously accepted, even socialists and communists casting their vote in its favor. The new industrial law affects approximately sixty thousand Swiss federal employees, who may neither strike, nor incite fellow employees to strike, nor join any society contemplating a strike or other injurious action against the Swiss Confederation.

In return the law ensures continuity of employment and favorable conditions of pensioning to all federal employees. It guarantees current wages, according to the wage scale of October, 1926, to present federal employees, and abolishes the sliding wage scale adapted to cost of living. This decree affects about two-thirds of the present public personnel, who will be financially better off than most industrial

workers because assured of a fair standard of living.

Concerning the regularization of hours of work, federal railway employees must submit to increased hours whenever and as long as the federal railways are in a financial crisis.

Federal budget forecasts provide for an annual increase up to seven million francs in public expenditure, and for an annual saving of about six million francs after January, 1943. The intervening years are assumed as a sufficiently long transition time to fully establish the new economic order and replace superannuated employees automatically by new employees. By Ernst Schultze. *Der Arbeitgeber*, November 1, 1927, p. 509:3.

Labor Policies as a Sound Basis for Successful Manufacturing

The president of the Commonwealth Steel Company tells how they realize co-operation between employee, employer, vendor, customer, stockholder and public through developing the individual and practising the Golden Rule. By Clarence H. Howard. *Manufacturing Industries*, November, 1927, p. 331:4.

New Wage Reduction Forced on Italians

There is a crisis in many sections of Italy. Employers are forced to meet their payrolls by issuing notes on property because of their failure to raise money. The

notes are discounted by banks, and this reduction must be met by the workers, whose wages have already been cut to the lowest level. The life of the Fascisti unions is threatened because of their fail-

ure to protect the workers' interests, and the government has arrested strikers in wholesale lots; there are many unemployment demonstrations. *American Federation of Labor*, Dec. 10, 1927.

Shop Organization: Planning, Methods, Job Analysis, Standardization, Waste

Materials Handling as an Aid to Production

The author surveys the materials-handling problem of a plant from eight angles: the design of building and arrangement of equipment, the weight of material handled per pound of finished product, the elimination of hand labor, the effect of the materials-handling methods on inventory, the effect on increased output of the worker, the design of the product to facilitate handling, the selection of the handling equipment, and attempts to facilitate handling in shipment and in customer's plant. Examples of good and bad practice are quoted, and illustrations of some are included. By Frank L. Eidmann. *Annual Meeting, A. S. M. E.*, December, 1927, 4 pages.

Laying Out Plant to Increase Output

The Buffalo plant of the Dunlop Tire & Rubber Corporation was planned to allow straight line production, minimum handling of materials, possibility of changing manufacturing methods and equipment without internal reconstruction and expansion of plant by the addition of new buildings at pre-assigned points in conformity with original layout. By Harold H. Clark. *Manufacturing Industries*, December, 1927, p. 425:4.

Operating Costs of Electric Industrial Trucks and Tractors

The authors attempt to show how direct and indirect costs of a materials-handling system may be classified and estimated, and apply the methods described to the question of operation of electric trucks. The direct costs of operation are here divided

into fixed charges and operating charges, both of which are enumerated and, where possible, estimated. Factors affecting the costs are likewise enumerated, and actual figures of cost of operation taken from several plants are presented, and the savings due to truck operation pointed out. By C. B. Crockett and H. J. Payne. *Annual Meeting of the A. S. M. E.*, December, 1927, 7 pages.

Job Specifications

Job specifications were first used in industry as aids to management in selecting employees, in determining relative proficiency and in standardizing terminology. Gradually their broader uses in personnel work and in educational procedure are becoming apparent. As the scope of their usefulness expands the form in which they are written changes. At present the form that seems best adapted to the requirements of industry, of terminology and of education is the one illustrated, describing the elementary job of a cable splicer's helper in the telephone industry.

It will be noted that the specification proper is preceded by a brief statement defining the general nature and location of the work. This is convenient for classification purposes and for constructing occupational codes.

The statements describing the work itself are called "Objectives." This places the job before the worker as a challenge to achievement. Each item in the specification describes a specific task requiring action. The result to be accomplished is so obvious that the worker can soon tell for himself whether he is doing the specified acts well or ill. No reference is made

to personal or emotional traits. Experience has shown that mention of these confuses the specification. If a man does a job well, he has the necessary technical qualifications. Personal peculiarities may disqualify him for working harmoniously in a particular group, but this question should be treated as a distinct problem. Hence personal traits are out of place in job specifications.

The article then outlines typical job specifications. Supplement: *The Educational Record*, October, 1927, p. 3:37.

Production Control in a Wrought-Brass Mill

The object of this scheduling system which has been worked out satisfactorily during the past two or three years in a brass mill is to give better service to customers, to reduce inventories, and stabilize employment. The paper contains flow sheets of the operations involved and is illustrated by charts and tables showing the variations of flow of material and the mechanism of control. The detailed procedures are outlined. The system accomplishes the following results: it enables careful prediction by the rate of production and means for planning it to meet current business; it enables prompt notification to the customer of the expected date of shipment and insures the fulfillment of this promise; in keeping productive facilities elastic, it permits the control of semi-finished and finished stocks, the control and reduction of inventories, and an

accurate determination of mill hours and number of employees, the whole stabilizing the production rate and ironing out the fluctuation in cost due to variation in the volume of orders. By W. R. Clark, *Annual meeting, A. S. M. E.*, December, 1927, 4 pages.

Symposium on Shop-Equipment Maintenance

The first four papers composing this symposium describe the organization of the departments in whose charge this feature of the manufacturing problem is placed by four great American industrial concerns. The duties and responsibilities of the personnel of these departments are set forth, their relations with the production and other departments of the shops in question are described, the value of the records of maintenance expense is pointed out, and the methods of inspection to determine the need of repairs are explained in detail. The first paper deals with the methods used by the Westinghouse Electric & Mfg. Co. at East Pittsburgh, Pa., the second with those adopted by the General Electric Company at Schenectady, N. Y., the third, the organization of the National Cash Register Company's plant at Dayton, Ohio, and the fourth the manner in which the problem is dealt with by the Hess-Bright Mfg. Co., at Philadelphia, Pa. By Geo. H. Ashman, W. H. Chapman, J. R. Weaver and C. S. Gotwals. *Annual Meeting, A. S. M. E.*, December 1927, 10 pages.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Our Workers Know What Their Jobs Are All About

The Dutchess Manufacturing Company undertook about three years ago to educate their foremen and forewomen to the consciousness of the narrow margin between profit and loss and of their own fair share of reducing costs. At the first meeting the net profit was explained which is made

on one of the standard products. Next, tangible and intangible costs were discussed which entered into the production of a standard item. A monthly report is sent to each supervisor, showing his relation to each item of cost in the job per thousand garments manufactured. This report must be returned initialled, and with a brief explanation of any high level over

the budgeted cost of supervision. The effect of this education in costs has been twofold: The group in supervisory positions has become as keenly interested in costs and as alert in cutting costs as has the management. In addition, the supervisory people have effected saving a considerable percentage of overhead costs. By Frank L. Sweetser. *The Dodge Idea*, November, 1927, p. 12:4.

Industrial Training in Alaska

The Alaska Division of the United States Bureau of Education carries on industrial training of the natives of Alaska. Three vocational schools have already been established at easily accessible points, and others are planned. Courses are offered in house and boat building, carpentry and furniture making, sled construction, navigation and marine engineering, operation and repair of gas engines, ivory carving and basket weaving. Alaskans are reported to possess high manual dexterity. The

brightest graduates are appointed as teachers in the Alaska school service. Native girls who show special aptitude for medical service are given training as nurses in the Bureau's hospitals. As a result of the Bureau's efforts primitive conditions of life in Alaska are gradually disappearing in all but the remotest regions. *Monthly Labor Review*, October, 1927, p. 76:2.

Industrial Teacher Training

This pamphlet outlines the need for industrial teacher training and deals especially with the selection of the industrial teacher, how to conduct a training course and what should be included under industrial teacher training.

An interesting section of the report discusses the fundamental methods underlying teacher training and another section deals with many "tricks of the trade" which the instructor must learn. *Report of the Committee on Industrial Teacher Training*, Pittsburgh Personnel Association, April 15, 1927, 16 pages.

MARKETING MANAGEMENT

Price Cutting Which a Buyer Curbed

The president of the Remington Arms Company tells why the manufacturer is interested in a stabilized raw material market rather than in cut prices. Often the manufactured product cannot stand a cut, as the general trade does not buy freely on a declining market. Furthermore, receivership competition is not desirable. No progress can be made when goods are sold at cost or less than cost. By Saunders Norvell. *The Iron Age*, November 24, 1927, p. 1436:2.

Direct Selling—Theory vs. Practice

Present conditions in the manufacturing industry date from the time when manufacturers began to see the possibilities of mass production. Practically all of our commercial ills of today can be traced to the overworking of this one idea. Until such time as production can be brought

more into line with our actual consumptive needs, we shall have no relief. Manufacturer to wholesaler to dealer is undoubtedly the most economically sound method of merchandising devised, but yet in the case of introducing new articles, of which there have been many in the last few years, the manufacturer has had to go direct to the retail trade with his own men or else to the retail trade through the jobber with missionary men. By H. J. Miller. *Hardware World*, November, 1927, p. 96:2.

Is There a Sales Answer to the Sharp Decline in Profits?

Government corporation tax returns indicate that gross profit on sales for business in America as a whole, dropped from 23 per cent in 1923 to 16 per cent in 1925—the last year for which figures are available. One of the country's ablest sales

managers said at a recent gathering that one of the causes for this condition is that we have paid too much attention to the subject of high-pressure selling, and altogether too little attention to those deeper arts and sciences of marketing and sales management, which alone will be able to broaden markets for us. Hardly one thousand corporations are using these high grade tactics today; in the next ten years thousands more must do so. By J. George Frederick. *Sales Management*, December 10, 1927, p. 1007 :3

Manager of Slow-Moving Merchandise

The holder of this position saves the Shepard Stores many thousands of dollars annually. The job is good training for any man in retail life. *Retail Ledger*, December, 1927.

Widening Your Market Through Installment Selling

A factor of importance in installment selling is that it is a natural evolution of credit and as such it must be conducted on the same principles as all good credit, and furthermore it can be applied only to products meeting certain qualifications. One of its advantages is that people are led to place money in articles of real value

instead of wasting it on articles of transient gratification. Increased and steady production is giving even the time buyer articles at lower cost, and he is provided with an incentive to work and to produce more. Experience with consumer credit so far has proven it to be a sound, healthy thing when properly used and not abused. By Henry Ittleson. An address delivered before the Association of National Advertisers, October, 1927, 12 pages.

Should the Sales Manager Be a Dictator or a Teacher?

It is a simple thing to look over a man's reports, decide he is not making good and then let him go. But it is expensive. A certain sales manager sees a man in some other job whom he likes, drops the tail-end man in his organization, and puts the new find in his place. The newcomer may or may not do well. But over against this practice there is the evidence of men economically employed and well trained and brought along by their sales managers. Sales management as it is defined by the sales manager of a grocery house is school teaching with capital letters. By A. H. Deute. *Printers' Ink*, December 8, 1927, p. 57 :4.

Buying, Receiving, Storing, Shipping

Determination of Minimum Cost Purchase Quantities

The major considerations in purchasing and formulae which will aid the purchaser in reaching this decision. By Professor R. C. Davis. *A. S. M. E. Management Division Meeting*, October, 1927.

Traffic Management Lowers Costs

A study of rates, routes, maximum loading and other factors by the Durant Motor Company has radically cut charges on shipments in and out of the plant. Close co-operation with the purchase department is necessary. In these days of small inventories the traffic department plays an important part in maintaining continuous production and acts primarily in an ad-

visory way in suggesting approved methods of loading that will assure economy and safety. Various responsibilities, some of which are delegated, are described. By W. J. Bailey. *Manufacturing Industries*, November, 1927, p. 339 :4.

Owing Money Wisely

Many business men, instead of owing one or two strong manufacturing houses, buy wherever they can get their merchandise a little cheaper. They are proud of their shrewd buying and of their ability to select bargains from many different lines. It is, however, safer to buy regularly from one or two strong firms than to buy from many different lines. A number of examples are given. By J. J. Berliner. *Business*, December, 1927, p. 22 :3.

Sales Promotion: Letters, House Organs, Advertising**A Way to Lower Distribution Costs?**

The manufacturers have in many cases let their costs and therefore their selling prices mount in exact proportion to their increased selling efforts, so that any advantages which may have accrued have been nullified. The manufacturer has built up a high cost of doing business, over and above the actual cost of his merchandise and the addition of a fair profit. The chain store man does merely a decent amount of good, sensible advertising and then stops. The saving is passed on to the buying public in the way of a lowered price to the retail outlets. And the latter are not going out of business because of it.

The manufacturer and the retail distributor must learn to work along the same lines, on the same basis. It will mean among other things that the advertised specialty will not have to ask its advertising to assume the burden of a price differential. This will enable the retailer to eliminate lines and rid himself of the burden of duplication of interchangeable products. By Sidney Rabinovitz. *Printers' Ink*, November 3, 1927, p. 89:4.

What Direct-Mail Needs Most

The following directions are given to make Direct-Mail campaigns effective: 1. Unless you are in the mail-order business use direct-mail as part of a complete sales program. 2. Know what you are going to do with inquiries when you get them. 3. Have enough salesmen to follow up inquiries. 4. Do not waste your money in trying to sell by direct-mail what your salesmen cannot sell personally. 5. If you cannot organize and operate a complete sales plan, get someone who does and pay him his price. By Philip Lukin. *Postage & The Mailbag*, October, 1927, p. 741:5.

Collection Tools That Keep Bad Debt Losses at a Minimum

By having two simple collection tools in reserve the Chandler and Farquhar Company reduces their bad debt losses to a

minimum. The first tool consists of the services of a young attorney, who writes delinquent customers a very courteous and formal "lawyer's letter," which usually brings in the checks by return mail. The second collection tool applies to collections arising from business disputes rather than bad debts. It is known as commercial arbitration and is available under the general federal statute on any interstate and international case. Since both parties agree to abide by the decision of the arbitrators, there is no hard feeling once a decision is reached. By F. Alexander Chandler. *Industrial Distributor and Salesman*, November, 1927, p. 230:2.

"Let's Spend \$10,000 to Get Some Ill-Will"

The prize contest has tremendous value in creating good-will for the advertiser, but it can also create ill-will instead, unless it is carefully and honestly handled. The advertiser is enabled by this means to get valuable information about his product, to secure names for a mailing list, as well as to secure contact between the retailer and the consumer.

The contest should be conducted in accordance with the Post Office rulings, it should be definite in its terms, entries should be promptly acknowledged, and contestants should be given the names of the prize winners, and the winning answer. By C. B. Larrabee. *Printers Ink*, November 3, 1927, p. 17:4.

Presenting Sales Arguments and Objections in the Manual

Several methods are discussed, and the most generally favored plans are: 1. A logical exposition of the sales story with certain devices, such as sub-heads, a summary with page references, or index tabs, to help the salesman find the material when he needs it. 2. The question and answer methods applied both to sales arguments and objections. 3. Sales arguments presented in logical form, with ob-

jections handled by the question and answer method. The first method is the most difficult to use because of the necessity of presenting the arguments in such a way that the salesman will understand their proper importance and their relation to other arguments. By Don Gridley. *Printers' Ink Monthly*, November, 1927, p. 66:2.

The Practical Ethics of Sincere Advertising

Business must have the conviction, which advertising has lacked to a great degree, that altruism, honesty, sincerity, frankness, have a definite dollars and cents value in

business. They build up that one commodity on which we all depend: belief and confidence. One fault of present-day advertising is the false scientific statement, the opinion of a real authority changed to make it more favorable to the product advertised. The paid testimonial is another serious fault. The public knows now that testimonials can be bought from society dames, actresses, professional beauties, for almost any product manufactured. Advertisers must learn that truth is a powerful technique, but greater than even truth is sincerity. By Ernest Elmo Calkins. *Advertising and Selling*, November 2, 1927, p. 19:4.

Salesmen: Selection, Training, Compensation

Prompt Attendance at Morning Meetings Equals \$150 in Sales

It means just as much for a salesman of George F. Nixon and Company, real estate operators, to be on time at a sales meeting as to sell \$150 worth of real estate. Under the company's system of issuing credits, one credit is awarded by the sales manager for prompt attendance and one credit is given for selling \$150 worth of property. Each of the credits is worth twenty-five cents toward the purchase of articles listed in the catalogues given to the men, and each week they are presented with credit certificates showing the number of credits earned that week. The name of the salesman under his district manager is posted on the bulletin board in the office with the number of credits he has accumulated.

The meetings are not pep sessions. The growth of the city, interesting points about the development of the districts in which their property is located—facts—are the subjects discussed. By Donald E. West. *Sales Management*, November 26, 1927, p. 951:2.

Candidates for Executive Training

In the Shepard Stores candidates for executive training are asked only two questions: whether the candidate can receive and correctly re-express ideas; and what is

the candidate's attitude toward political graft. Classes of from 12 to 20 will be given a comprehensive course in: the place of the department store in the community, psychology in business, functions of the store, and its organization and policies. *Retail Ledger*, November, 1927.

"Just the Man You Want"

The Updike Lumber & Coal Company of Omaha decided that part of their business was to supply the man to do every imaginable odd job around a house. So the company advertised, "Rain or shine we know just the man you want," from plugging up rat holes to waxing the parlor floor; from cutting the grass and spading the garden to building children's sand boxes or a lily pond in the back yard. The service is entirely one of good will, and any possible profit can only be derived from additional business that might result. The man in charge of this unique service department follows up each request with an immediate personal visit to determine just what needs to be done and what materials are required. Thus the right man can be sent properly equipped to do the job. The company keeps on file a list of reliable, efficient, reasonably priced, odd job men and vouches for their character and work. Any man who fails to come up to standard has

his name dropped from this company list. The company makes no charge for the services of the man sent out on call, but leaves it to the customer to settle with the worker. Any material needed which the company has to sell is supplied at regular prices. On completion of the job the worker must report back to the company and the man in charge of the service makes another personal visit to determine that everything is satisfactory. "Just the man you want" service is still in its infancy, but the company thinks it has a very real idea of community cooperation. By Charles E. Duffie. *Business*, December, 1927, p. 20:3.

Selecting the Salesman to Fit the Territory

A case is given of a New York salesman who was a great success in a difficult New York City territory, but failed miserably in Colorado and New Mexico, when he asked to be sent there on account of the ill health of his wife. New York selling calls for fast foot-work, quick thinking, all the facts and figures at the end of the tongue and fingers. That type of selling is not acceptable in many other sections, and too, there is a natural dislike on the part of many buyers for the man who talks about "Broadway" and "Little Old New York." On the other hand it is often just as fatal to bring men from outside points to sell in New York. Their habits of visiting are certain to work against them.

The salesman who wants to carry a plug of tobacco with him, work in a flannel shirt and operate a high power muddy car

has his place and the man with Oxford English and Fifth Avenue clothes has his place. By A. H. Deute. *Printers' Ink*, Oct. 13, 1927, p. 41:3.

Where Shall We Get Our New Salesmen?

Many different methods are described. One sales executive in handling a new product that was to be sold through drug stores, and had an elaborate advertising program, looked for young advertising men who wanted selling experience. Later he had a product which had to be sold to doctors and he advertised for medical students who wanted to become salesmen.

Another policy is that of one of the big investment security houses. This concern prefers to hire men who are advertising for new connections rather than to rely on results from their own advertisements for salesmen.

The sales manager for a hardware speciality house prefers a level-headed young fellow to whom the job offers a real opportunity, rather than stealing the star salesman away from their competitors, as they formerly did.

A warning is sounded in the practice followed by a salesmanager who will hire only men who come fresh from jobs where selling has been especially difficult, as he believes that selling is becoming harder, and he cannot afford to gamble on men who have succeeded only where there was easy acceptance. By Richard M. Stuart. *Advertising and Selling*, November 16, 1927, p. 30:2.

Books Received

History of Socialist Thought. By Harry W. Laidler, Ph.D. Thomas Y. Crowell, New York, 1927. 682 pages. \$3.50.
Wages in the United States, 1914-1926. National Industrial Conference Board, New York, 1927. 139 pages. \$2.50.
Problems in Industrial Management. By Erwin H. Schell and Harold H. Thurlby. A. W. Shaw, Chicago, 1927. 557 Pages. \$5.00.

The Workmen's Compensation Problem in New York State. National Industrial Conference Board, New York, 1927. 375 pages. \$3.50.
American Citizenship. By Frederick A. Cleveland, Ph.D. Ronald Press, New York, 1927. 475 pages. \$4.00.
An Outline of Careers. By Edward L. Bernays. George H. Doran Co., New York, 1927. 431 pages. \$5.00.

Foremanship—6 Volumes: Vol. I—The Foreman; Vol. II—The Foreman's Job; Vol. III—Duties of Foremen; Vol. IV—Developing Foremen; Vol. V—Practical Methods; Vol. VI—Industrial Economics. By Glenn L. Gardiner, M.A. A. W. Shaw, Chicago, 1927. 680 pages in all. \$12.00 per set. Same text in one volume, \$6.00.

Humanizing Education. By Samuel D. Schmalhausen. The Macaulay Co., New York, 1927. 343 pages. \$2.50.
The Psychology of Personality. By P. F. Valentine. Appleton, New York, 1927. 393 pages. \$2.50.
Professional Patriots. By Norman Hapgood. Albert & Charles Boni, New York, 1927. 210 pages. \$1.50.

Survey of Books for Executives

The Building and Loan Association. By Robert Riegel, Ph.D., and J. Russell Doubman, Ph.D. John Wiley & Sons, Inc., New York, 1927. 320 pages. \$3.00.

The authors of this text book on Building and Loan Associations have set forth in a readily understandable form the organization, purpose and operation of a popular and rapidly growing institution. Compiled statistics indicate that the Building and Loan membership in the United States numbers approximately ten million. The number of individual shareholders, however, is actually somewhat less than the indicated figure due to the duplication of names because of persons affiliating with one or more associations or holding two or more books in a single institution. This perhaps results in an individual count of eight million shareholders. With assets of six billion dollars, an increase of one thousand per cent in thirty years, more than twelve thousand independent associations representing these shareholders are carrying on a business along lines of uniformity which actually makes them a unit of great importance in our national financial structure.

Once a member of a Building and Loan Association the subscriber is satisfied with the results. How these results are obtained usually remains a mystery to him. The fact that money loaned at statutory rates produces a return in excess thereof seems unbelievable, yet stock maturities prove that it is accomplished.

The men who constitute the boards of directors of these associations have propounded to them from time to time many questions relating to building and loan matters. These questions are frequently answered in a manner which is unsatisfactory because of insufficient understanding on the part of the director of the details of the subject with which he is presumed to be familiar, or his inability to explain intelligently. The book under discussion, if read and digested by the Building and Loan director, will enable him to answer the questions which have heretofore perplexed him. The concise and complete discussion of the cost of a mortgage loan under the Building and Loan plan as compared with a straight mortgage should be very enlightening to the average Building and Loan director or borrowing member.

Professors Riegel and Doubman have assembled in concise form a treatise which covers the entire field of Building and Loan endeavor. The chapter on "Loan Papers, Settlements, Repayments and Defaults," is very complete and although the authors disclaim any intention of introducing the subject to real estate law, they have pointed out most of the encumbrances which might affect a title. The text indicates that the authors of the book have assumed that Building and Loan Associations in general require a title insurance policy issued by a Title Guarantee Company. This requirement is, unfortunately, not insisted upon by all associations, but

in my opinion is one which should be generally adopted.

Another chapter which the writer of this review found to be most interesting reading was that entitled "Annual Report and Distribution of Profits." Here the authors explain in full the compilation of the balance sheet, what the assets and liabilities of an association are, which items go into the profit and loss account, how the profits are determined, and the several methods in general use for the apportionment of the profits to the respective series of stock. This is a chapter which the secretaries of many associations will find valuable.

The chapter on "Auditing and Examinations" is, as its title indicates, of greatest value to those who are charged with the duty of proving the correctness of the books of the association and the honesty and integrity of its officials. It emphasizes the importance of having this work done by experienced, disinterested auditors who are trained in their profession and who know where to look for irregularities, and is in itself a comprehensive guide for the examiner.

A volume of this type, being general in its scope, must of necessity be limited with respect to details peculiar to any given state and after reading carefully, the student should then turn to the laws of the particular state for such details.

The book is one which merits the careful study of officers and directors of Building and Loan Associations and which the layman will find well worth reading.

R. D. VAN DUZER,
*General Land and Tax Agent,
Lehigh Valley Railroad Company.*

Personnel. By George R. Hulverson.
Ronald Press, New York, 1927. 387
pages. \$4.50.

Mr. Hulverson's "Personnel" impresses one as exceptional for comprehensiveness. There are few if any features of personnel management which are not discussed somewhere among its pages.

It is a presentation of the best practice in management of the function. Its selections for "the best" are well supported by good reasoning, rather than by statistics concerning extent of use or data as to results following use. I am inclined to think that men experienced in personnel management will generally endorse Mr. Hulverson's selection of good practices not only as desirable but also as practical and wise for application in modern industrial or mercantile organizations.

Major executives who are interested to know the point of view of the average employee concerning various features of his employment connection, will find this conservatively and even completely expressed in Mr. Hulverson's book. And some of the traditional practices of employers in employment relations are so convincingly criticised, in full appreciation of the good intentions of employers, that executives will probably be glad to see the opportunities for improvement so clearly portrayed as they are here.

To men engaged in personnel work the book pictures the human problems they have met or are meeting, with considerable accuracy, and yet its message is constructive. The balanced point of view which it gives offers encouragement for sensible programs.

Its manner of presentation is that of a reference book. It discusses many details and minor practices, with the same thoroughness and the same prominence as are given to trenchant statements of fundamental features of good personnel management. Yet the broad perspective of personnel management, as an aspect of general management for profits, is not lost sight of in any of its chapters. It is interesting and stimulating although not light reading. Its spirit of respect for employers and employees is commendable. Perhaps the principal impression remaining after one reads this book is its philosophy, namely, that personnel management is not at its best until it enlists the interest of the force in the work being done and

thereby increases the productive capacity of the force.

Mr. Hulverson's presentation covers production and mercantile organizations very well. It gives less attention to distribution organizations, where the opportunity for economy and better results, through good personnel management, is probably even greater than in these two types of organization.

ROYAL PARKINSON,
*Manager of Personnel Activities,
American Optical Company.*

Fresh Air and Ventilation. By C.-E. A. Winslow. E. P. Dutton & Co., N. Y., 1926. 182 pages. \$2.00.

In his book on "Fresh Air and Ventilation" Professor Winslow has presented the result of a very thorough study of ventilation by the New York State Commission, of which he was chairman.

Unlike many reports of a similar nature this book is not only of great value to engineers and health experts, but it is also very interesting reading for the ordinary layman, as it can be very easily comprehended.

The book is well proportioned throughout, and has developed the subject in logical order. In his first chapter on the "Relation of the Atmosphere to Human Health" Professor Winslow points out the elements in the air which affect health. It is necessary to understand what these elements are in order to solve properly the problem of ventilation.

In the second chapter which is on "Good Ventilation" he describes with interesting illustration just what constitutes good ventilation. He describes the effect upon the human body of organic substances in the air, of a badly ventilated and overheated room; and the comparatively little importance of humidity.

The chapter on "How to Secure Good Ventilation" is perhaps one of the most important and interesting chapters in the book. This chapter tells in a plain straightforward way just how to ventilate a room

starting with the fundamental steps in securing good atmospheric conditions, and describes various mechanical devices used to obtain correct temperature and fresh air. This chapter gives finally a few simple rules, which if followed out by the ordinary person, with a little common sense, would undoubtedly help a great deal in solving the problem of ventilation.

Although chapter four is on "Special Problems of Factory Ventilation" it tells how the human brain is affected by atmospheric poisons which are found around factories, and some space is given to poisons produced in the garage and home. This chapter describes the cause of these poisons and tells how to eliminate them.

The last chapter points out the relation between the climate and seasons and health and tells how to overcome diseases peculiar to certain seasons.

Any person after reading this book and giving it some thought should be better prepared to solve his own problems of ventilation whether in the home or in the office.

H. W. MILLER, *Employment Manager,
Jordan Marsh Company*

The College Man in Business. Compilation of Speeches. Codex Book Company, Inc., New York, 1927. 48 pages. \$1.00.

At a conference held by the A.M.A. and the Yale Graduate Placement Bureau representatives from the business and academic worlds expressed their views on the lack of understanding between business and the college graduate. Among the speakers were Percy S. Straus of R. H. Macy & Co., Inc.; Professor Harry R. Wellman of Dartmouth; John Mills of the Bell Telephone Laboratories, Inc.; and James Rowland Angell, President of Yale. It appears that the college man wants "an opportunity to express himself in terms of some job requiring a slight amount of executive ability and implying that his boss is willing to invest in him a certain definite responsibility"; and that business

does not make sufficiently plain just what it expects from the college man. Business would do well to consider whether "it wants a man for human relationships, for dealing with material things, or for creative work in the field of ideas."

Workers' Health and Safety: A Statistical Program. By Robert Morse Woodbury. Macmillan, New York, 1927. 205 pages. \$2.50.

The author in his first chapter points out that the "Problems of Industrial Health and Safety" are the concern of the worker, the employer and society and that these problems are threefold: Prevention, alleviation and the distribution of cost. He then goes on to prove that statistics are essential first, to arouse the interest of those concerned, to the need of solving these problems; secondly, to furnish adequate data for working out a program of prevention and control, and finally to provide a basis of judging the effectiveness of such a program after it has been put into effect. Having proven his point, he proceeds in a clear, concise manner to deal first with the question of industrial accidents, enlarging upon the nature of the problems in their three phases:

1. Prevention: Where preventive measures are needed; the determination of causes and contributing conditions; the analysis of these; the selection of the measures to be used, based on their relative effectiveness and cost; and the agencies to put them into effect.

2. Alleviation: The physical and economic losses sustained by injured workers, their social significance, medical, surgical and nursing care; compensation or other provisions for wage losses and rehabilitation.

3. Distribution of Cost: How much of this industry shall bear; employers' liability losses; workmen's compensation laws; the distribution of costs according to risks; forms of insurance for employers against liability for occupational disabilities.

The statistics essential to understand and deal with these problems, their classifica-

tion and tabulation, the appraisal of those available at the present time, and the mapping out of a program for securing and presenting adequate accident statistics, make up the major part of the book. The subject is treated in a most comprehensive way, keeping in mind always the need for being sure that the material compiled is such as is essential for the purpose and that time and money are not being wasted gathering together data which will serve but a limited purpose.

In the second part of the book, health of the worker is considered and is dealt with in the same illuminating manner. This problem is also analysed in its three phases—prevention, alleviation and distribution of cost. Special note is made of the fact that while existing statistics for industrial accidents are far from perfect, those on sickness are practically unavailable.

Relative to health protection, the author stresses the need for: an analysis of the data on occupational mortality; an extension in scope of statistics on the incidence of sickness in relation to industry and occupation; the development of records necessary for statistical analysis; the obtaining of data, on causes of death from specific occupational diseases, and prevalence of physical defects, on methods of health protection and the extent to which they are being used; and surveys of health hazards.

Mr. Woodbury, in the summary, states that the statistical ground work for the control of preventable accidents and illnesses is inadequate, but that the requirements are most nearly filled by the statistics collected by Federal agencies for the iron and steel industry, railroad transportation, and mining. He emphasizes the need for "the creation of Federal statistical services to collect figures for each major industry, and to analyse them by causes in relation to experience," this data to be furnished by individual establishments throughout the country, except where State records are complete; thus placing the collection, tabulation and classification of all data relating to each industry "in the hands of a single agency, which would insure its

being carried out uniformly and in such a manner as to yield the most significant results."

In conclusion, he makes a plea for the appropriation of funds, by the Federal and State governments, necessary to collect the statistics required for the control "of problems of industrial safety and health—the saving of life, the diminution of injuries, the decrease in disease, the promotion of health, and the elimination of the economic and social consequences of accidents and sickness," urging both the Government and industry to do their part in formulating and carrying out an adequate program for the collection of statistics.

The book is the clearest and most helpful presentation of the subject that has come to the reader's attention and should be of great value to either the individual or organization interested in the procuring, tabulation and classification of statistics pertaining to industrial accidents and health.

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Directing Sales. By H. C. Bonney. Ronald Press, New York, 1927. 121 pages. \$3.00.

This contribution to the literature on sales management is one of the most comprehensive, compact, and interesting books on the fundamentals of sales management and sales effort which the writer has ever read. It is general enough to give, in a small book, a foundation upon which a thinking sales executive can build; detailed enough to be clear and convincing. It is apparent that it has been written by a man who has studied sales management as well as practiced it, and who has also in his time been "sales managed." A valuable handbook for sales executives of either much or little experience—for the former, as a desirable check-up on the fundamentals of sales direction; for the latter as a guide. Also as valuable for a small company as a large organization, because it deals with

principles rather than methods. It would also help the cause of better sales work if general executives could read it, for the better understanding it would give them of sales department problems.

It begins by reviewing briefly and clearly the conditions which exist in all too many sales organizations. It then recommends the application to the sales problem of study and methods which have been found effective in manufacturing—making allowance for the fact that in sales work one is dealing with human nature to a far greater degree than in manufacturing. It shows the need of vision on the part of sales executives, especially as to the whole range of possible sales activities.

There is a chapter on "The Basic Work of the Modern Sales Executive," which is an outline of the more important fundamentals which the present day alert sales manager is more and more regarding as necessary equipment. This chapter is filled with meat.

A chapter entitled "The Inside Sales Department" is a real contribution to sales management thought. It is a well expressed outline of the problems in a phase of business too frequently treated with insufficient respect. The author's idea of injecting "the spirit of sales" into the work of this portion of the sales department might well be extended to all departments of any business.

Essentials involved in the hiring, paying, training and control of salesmen are well covered in several chapters. There is also a worthwhile discussion of advertising from the viewpoint of the sales executive and general executive, rather than from that of the advertising manager.

The title "Creating the Incentive to Sell" does not do justice to the valuable thoughts in one chapter on an infrequently treated angle of sales direction—the inspiration which salesmen (and other human beings) get from proper leadership.

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